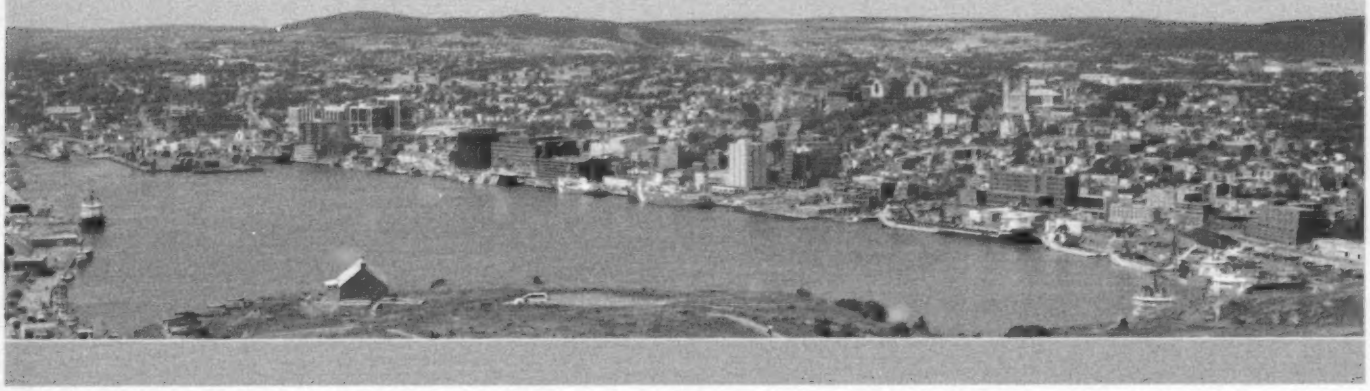
ECONOMIC REVIEW 2013

ST. JOHN'S METROPOLITAN AREA



A Review of 2013

Real GDP in the St. John's Census Metropolitan Area (CMA) grew by 4.4% in 2013 largely due to rising oil revenues caused by production increases at all three of the producing fields. Real GDP in the rest of the economy, excluding oil production, grew by 2.0%. In comparison, total real GDP increased by 5.8% for the province as a whole. The construction and professional scientific and technical services sectors posted strong gains while a decline was registered in the public sector. Some economic indicators, such as employment and housing starts experienced modest declines in 2013 while others such as income and retail trade showed continued strong growth.

Despite the strong gains in GDP, employment in the St. John's CMA decreased by 1.1% (or 1,200) to 108,000 in 2013 and the labour force fell by 2.3% to 115,000. Labour markets were weakened by uncertainty created by public sector restraint, the winding down of construction at Long Harbour and the slowing housing market. Since the decline in the labour force was greater than that in employment, the unemployment rate decreased by 1.1 percentage points to 6.1%. Personal income increased 4.7% to $9.6 billion, driven by wage increases. Growth in personal income and population resulted in solid growth in retail sales. Retail sales increased by 3.9% to $3.9 billion. Housing starts fell by 19.5% but still remain high on a historical basis.

In 2013, the St. John's CMA once again recorded an annual population increase. Gains resulted from natural growth and net in-migration to the region. As of July 1, 2013 the population of the St. John's CMA is estimated to have been 203,600.

Economic Indicators St. John's Metropolitan Area, 2012-2013

	2012	2013e	% Change 2012-13e
Real GDP (2007$M)	13,364	13,953	4.4%
Employment	109.2	108.0	-1.1%
Labour Force	117.7	115.0	-2.3%
Unemployment Rate	7.2%	6.1%	-1.1 ppt
Participation Rate	72.3%	69.2%	-3.1 ppt
Personal Income ($M)	9,200	9,630	4.7%
Retail Trade ($M)	3,736	3,882	3.9%
Housing Starts	2,153	1,734	-19.5%
CPI (2002=100)	123.8	125.7	1.5%
Population	200.6	203.6	1.5%

Source: Statistics Canada; Economic Research and Analysis Division, Department of Finance

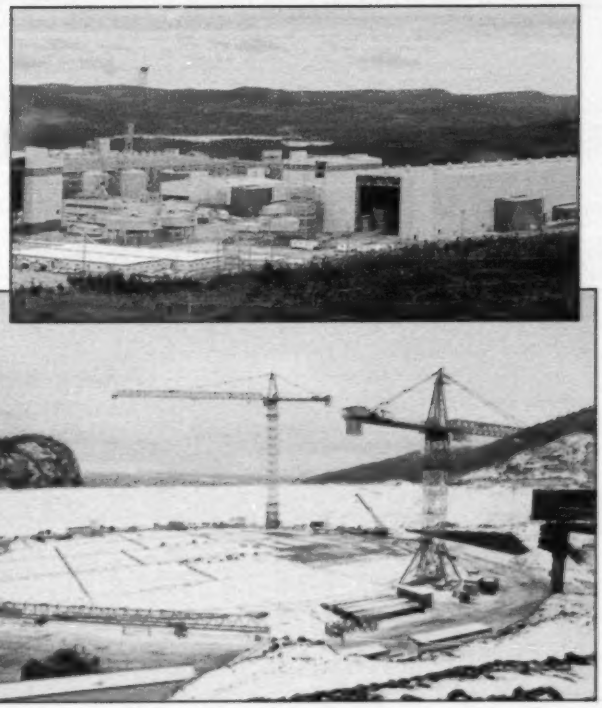
e: estimate

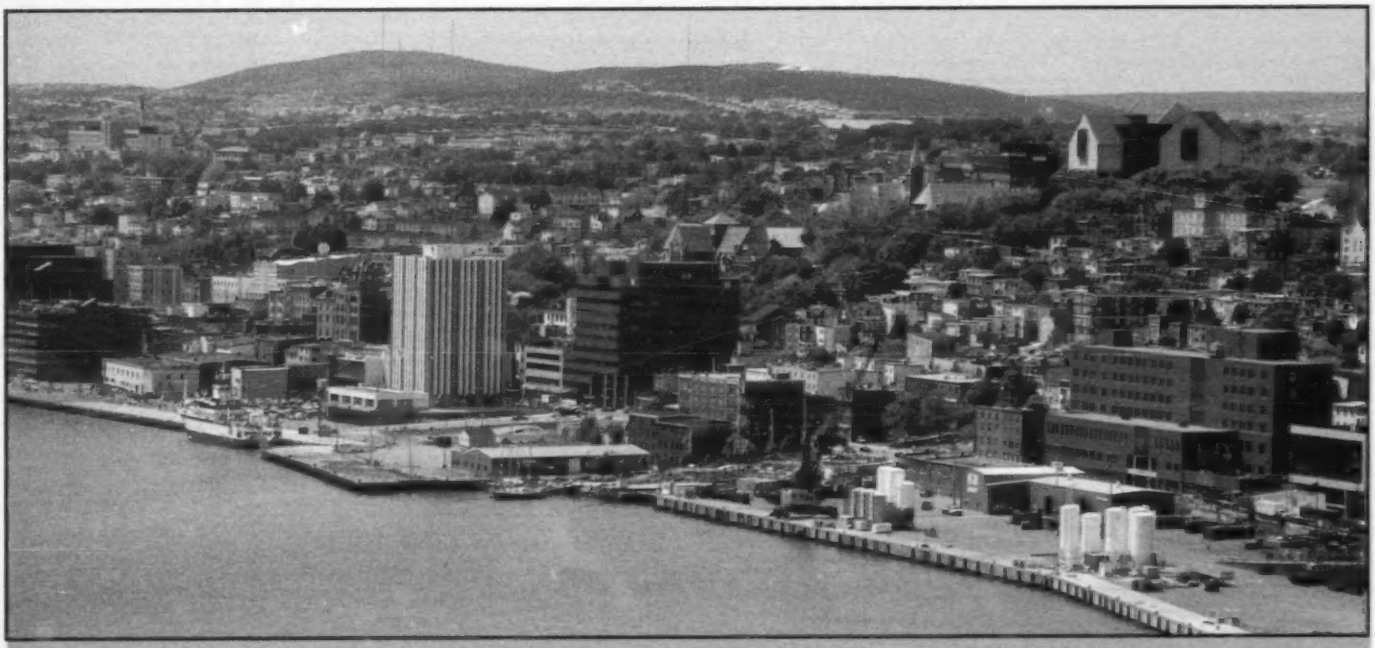
ST. JOHN'S

Prepared by Department of Finance (Economic Research and Analysis Division) and the City of St. John's (Office of Strategy and Engagement)

Outlook for 2014

Economic growth – as measured by real GDP – is expected to increase again in 2014 but at a much slower pace than seen in 2013. Gains in exports stemming from higher oil production will be offset by a weaker performance in the rest of the economy particularly in the service sector. Employment gains stemming from increased activity at the Hebron and Muskrat Falls developments will be partially offset by lower development employment at Hibernia and White Rose and the winding down of construction activities at Vale's nickel processing plant in Long Harbour. Personal income is expected to continue to grow driven by continued wage gains. This in turn is expected to bolster consumer spending with retail trade expected to continue to record steady growth.





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348 Water Street
City of St. John's, P.O. Box 908
St. John's, NL A1C 5M2
(709) 576-8107
business@stjohns.ca

Source: Statistics Canada, Economic Research and Analysis Division, Department of Finance ***Note:*** *The St. John's Census Metropolitan Area is a Statistics Canada geographically defined area including St. John's and neigbouring communities.*